

Message Text

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ACTION EUR-25

INFO OCT-01 ADP-00 AID-20 EB-11 NSC-10 RSC-01 CIEP-02

TRSE-00 SS-15 STR-08 OMB-01 CEA-02 L-03 H-02 CIAE-00

COME-00 FRB-02 INR-10 NSAE-00 XMB-07 OPIC-12 LAB-06

SIL-01 IGA-02 PA-03 PRS-01 USIA-12 RSR-01 /158 W

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R 101840Z JUL 73

FM AMEMBASSY BONN

TO SECSTATE WASHDC 6213

INFO AMEMBASSY LONDON

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PASS OPIC

E.O. 11652: GDS

TAGS: EFIN, GW

SUBJECT: COOPERATION AMONG FOREIGN INVESTMENT
INSURANCE AGENCIES

1. SUMMARY. VISIT TO BONN JULY 3 OF OPIC VP PISTELL
WAS VERY HELPFUL IN CLARIFYING OPIC VIEWS TO THE FRG
AND IN HEARING OUT THE GERMANS ON THEIR VIEWS AS TO
HOW COOPERATION AMONG INVESTMENT INSURERS SHOULD
PROCEED. FRG REPRESENTATIVES STRESSED THEIR VIEW THAT
AN INVESTMENT GUARANTEE WING OF THE BERNE UNION
CAN NOT TAKE UP ISSUES OTHER THAN TECHNICAL ONES. IN
THE FRG VIEW, COUNTRY PROBLEMS AND POLICY ISSUES SHOULD
BE TAKEN UP IN INFORMAL AD HOC MEETINGS OF AFFECTED
MAJOR INSURERS, SIMILAR TO THE CREDITORS CLUBS IN THE
DEBT RESCHEDULING FIELD. END SUMMARY.

2. PISTELL EXPLAINED TO HIS ECONOMICS MINISTRY
INTERLOCUTORS (VON DEWITZ AND LANGE) THE PRESSURES ON
OPIC FOR PRACTICAL AND POLICY REASONS TO MULTILATERALIZE
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ITS INSURANCE AND COOPERATION WITH OTHER INSURERS. HE

NOTED THAT OPIC HAD CONSULTED LAST YEAR IN BONN
ON ITS REINSURANCE PROPOSALS AND HAD PRESENTED ITS
ORGANIZATIONAL SUGGESTIONS IN THE BERNE UNION, ALTHOUGH
TIME HAD LIMITED OPPORTUNITIES FOR PRIOR CONSULTATION.

3. VON DEWITZ (WHO HAS REPLACED KOINZER, AS HEAD
OF THE FRG INTER-MINISTERIAL COMMITTEE ON
INVESTMENT GUARANTEES) WELCOMED PISTELL'S VIST AND SAID
HE HIMSELF WAS WILLING TO DRAW A LINE UNDER PAST
COORDINATION PROBLEMS. THE FRG, HE SAID, WAS INTERESTED
IN ESTABLISHING AN INFORMAL GROUP OF THE MAJOR
INVESTMENT INSURERS TO DISCUSS BOTH SPECIFIC COUNTRY
ISSUES AND GENERAL POLICY QUESTIONS. TO GET OVER THE
PROBLEMS OF 1) JUSTIFYING LIMITED PARTICIPATION AND 2)
AVOIDING THE IMAGE OF GANGING-UP ON THE LDCS SUCH A
GROUP SHOULD BE AD HOC, I.E. WITHOUT FORMAL STRUCTURE
OR MEMBERSHIP. GIVEN THE POLITICAL NATURE OF THE
ISSUES TO BE DISCUSSED, REPRESENTATION WOULD HAVE TO BE
PROVIDED BY GOVERNMENTS OR GOVERNMENT AGENCIES.

4. VON DEWITZ SAID HIS PREFERRED FORMAT FOR SUCH
MULTILATERAL CONSULTATION WAS ONE SIMILAR TO THE
CREDITOR CLUBS CONVENED TO CONSIDER DEBT RESCHEDULING
PROBLEMS. AN INFORMAL GROUP COULD BE CONVENED, AS
NECESSARY, BY ONE MEMBER TO CONSIDER SPECIFIC CASES
OR ISSUES, INVITING ONLY THE MAJOR INSURING COUNTRIES
INVOLVED IN THAT SPECIFIC CASE. SUCH A SESSION MIGHT
LEAD, FOR EXAMPLE, TO SUBSEQUENT COORDINATED ACTIONS BY
EACH INSURER WITH REGARD TO AN INVESTMENT SECURITY
PROBLEM IN A SPECIFIC COUNTRY. CONTACT AMONG
INSURERS SHOULD ALSO BE STRENGTHENED BY INCREASED USE
OF TELEX COMMUNICATION AND, IN THE GERMAN VIEW,
BILATERAL CONSULTATIONS.

GDS
HILLENBRAND

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5. THE BERNE UNION, DEWITZ CONTINUED, CAN BE USED ONLY FOR COORDINATION AMONG INSURANCE AGENCIES ON TECHNICAL (NON-POLITICAL) ISSUES, SUCH AS THE TERMS AND CONDITIONS OF GUARANTEE CONTRACTS. IN THE FRG VIEW, BERNE UNION CONSULTATION COULD NOT ENCOMPASS TAKING SANCTIONS, WITHHOLDING BENEFITS OR CONVENING PANELS TO EXAMINE SPECIFIC INVESTMENT CASES.

6. VON DEWITZ AND LANGE REITERATED LONG-STANDING FRG UNWILLINGNESS TO PARTICIPATE IN REINSURANCE OR OTHER MULTI-LATERAL ARRANGEMENTS FOR SPREADING INVESTMENT RISK.

7. SUBSEQUENT TO THE PISTELL VISIT, VON DEWITZ HAS INFORMED US THAT THE BRITISH, DURING BILATERAL CONSULTATIONS IN LONDON JULY 4, 5, AGREED TO CONSIDER AND DISCUSS FURTHER THE FRG CONCEPTION OF THE RESPECTIVE ROLES OF THE BERNE UNION AND A NEW AD HOC GROUP ALONG THE LINES OF PARA 4 ABOVE. VON DEWITZ DESCRIBED THE BRITISH REACTION TO HIS SUGGESTIONS AS SOMEWHERE BETWEEN OPEN AND POSITIVE.
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